

Message Text

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60

ORIGIN PM-07

INFO OCT-01 ARA-11 ADP-00 DODE-00 SS-15 L-03 NSC-10 SSO-00

NSCE-00 CIAE-00 INR-10 NSAE-00 RSC-01 IGA-02 OMB-01

TRSE-00 MC-02 INRE-00 /063 R

DRAFTED BY PM/ MAS: JLCLUNAN/ RS

6/15/73: EXT. 28139

APPROVED BY PM/ MAS - CHRISTIAN CHAPMAN

ARA/ LPC - LTC WILLIAMS

ARA/ BR - MR. LOW

DOD/ DSAA - MR. ALNE

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O 152228 Z JUN 73

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA IMMEDIATE

AMCONSUL RIO DE JANEIRO IMMEDIATE

C O N F I D E N T I A L STATE 117457

E. O. 11652: GDS

TAGS: MASS, US, BR

SUBJECT: CREDIT SALES OF F-5 AND C-130

REF: STATE 108603

FOR RICHARD VIOLETTE

1. SENIOR DEPT. OF DEFENSE SALES REPRESENTATIVE NOW IN BRAZIL IS AUTHORIZED TO NEGOTIATE AND CONCLUDE AN AGREEMENT IN THE FORM OF A MEMORANDUM OF UNDERSTANDING (MOU) FOR THE PURCHASE OF F-5 B, F-5 E, AND C-130 AIRCRAFT WITH FMS CREDIT AND/ OR GUARANTEES OF CREDIT ON A MULTI- YEAR BASIS, IN ACCORDANCE WITH REVISED DRAFT MOU WHICH WAS PROVIDED TO OXMAN PRIOR TO DEPARTURE OF DOD SALES TEAM.

2. IT IS EVIDENT THAT WE MUST PLAN ON SEVERELY LIMITED FMS CREDIT AUTHORIZATIONS AND APPROPRIATIONS. THEREFORE THE GOVERNMENT OF BRAZIL MUST BE PERSUADED TO FINANCE AS MUCH OF
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THE PURCHASE AS POSSIBLE FROM THEIR OWN RESOURCES.

3. ACCORDINGLY, IN INITIAL NEGOTIATIONS WITH BRAZILIANS, BRAZILIAN COMMITMENT TO PROVIDE AT LEAST DOLS 15 MILLION IN CASH AND 50 PERCENT OF THE BALANCE IN PRIVATE CREDITS, NOT GUARANTEED, SHOULD BE SOUGHT. UNDER THIS PROPOSAL U. S. UNDERTAKING SHOULD NOT EXCEED THE AMOUNTS SHOWN IN THE FOLLOWING SCHEDULE:

DIRECT CREDIT	4.0	12.2	14.5	12.5	43.2
PRIVATE CREDIT (PC)	-	12.0	14.0	12.5	38.5
GUARANTEE OF PC	(-)	(3.0)	(3.5)	(3.1)	(9.6)
TOTAL CREDIT	4.0	24.2	28.5	25.0	81.7
TOTAL USG FUNDS	4.0	15.2	18.0	15.6	52.8

4. IN NEGOTIATIONS WITH BRAZILIANS, IT MUST BE MADE CLEAR THAT OUR WILLINGNESS TO EXTEND CREDIT IS DEPENDENT UPON RECEIVING FROM CONGRESS BOTH ADEQUATE AUTHORIZATION AND APPROPRIATION OF FUNDS. PORTER

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 15 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: willialc
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE117457
Document Source: CORE
Document Unique ID: 00
Drafter: JLCLUNAN/ RS
Enclosure: n/a
Executive Order: GS
Errors: n/a
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730623/aaaajgix.tel
Line Count: 86
Locator: TEXT ON-LINE
Office: ORIGIN PM
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 STATE 108603
Review Action: RELEASED, APPROVED
Review Authority: willialc
Review Comment: n/a
Review Content Flags:
Review Date: 16 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16-Jan-2002 by boyleja>; APPROVED <16-Jan-2002 by willialc>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 980213
Subject: CREDIT SALES OF F-5 AND C-130
TAGS: MASS, BR, US
To: BRASILIA
RIO DE JANEIRO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005